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DEPARTMENT OF STATE

Memorandum of Conversation

DATE: April 27, 1974
11:50 a.m.-12:30pm

SUBJECT: Follow-on to UN and OAS General Assembly Speeches:
Policy Toward the Less Developed Countries

PARTICIPANTS: See attached list

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The Secretary

Win, are you in charge?

Mr. Lord

I thought we could concentrate this morning on the three Fs: food, fertilizer and funding schemes. Of these, the most promising is food, for humanitarian reasons and as an example for others, particularly the oil producers.

After our discussion today, we should get a game plan ready for your return.

Two major questions on food are whether we follow the Humphrey approach or a unilateral one, and whether we go for a big initiative or for an incremental approach.

The Secretary

We will get to food in a minute. I made six points in my UN speech. This is only one of them. Where are the other five?

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- 2 -

Mr. Lord

They are covered in this package, but we felt that to focus our energies it would be better to consider this topic now . . .

The Secretary

Can I get a paper on what is being done in each area?

Mr. Lord

You have them, attached to the package.

The Secretary

OK. Now, on food: if I understand the problem correctly, we have to choose between an incremental or a sweeping approach, and then then decide when to announce it?

Mr. Lord

In addition, we must decide whether to go the Humphrey route, which would require agreement with others, or a more unilateral approach.

The Secretary

Ken, what is your view?

Mr. Rush

To obtain the maximum impact, I would favor the big program over the incremental approach. As to timing, I would wait until we know better what our crop situation will be. As to the Humphrey proposal, I would certainly want to find out if others are willing to cooperate.

Mr. Martin

I agree on the basic approach, though I would wait until the crop starts coming in, so that we can ensure our actions would have the least impact on domestic prices. As to how to do it, I would do it unilaterally, but consult.

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E.O. 12958, as amended
December 18, 2008

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- 3 -

The Secretary

Does this mean waiting until July?

Mr. Martin

Yes. But we might consider making a statement of intent before the end of the Special UN General Assembly. There is a great deal of interest. You should know, for example, that Barbara Ward called me last night about PL-480.

Amb. Scali

We do not have nearly that much time before we must disclose our approach. Tuesday we will be facing the Algerians, and they are hardlining us. We must either fish or cut bait. The UN meeting will either have succeeded or failed before July. We have an opportunity to state our approach, perhaps put a price tag on it and look constructive. The alternative is a deadlock, with the Iranians complaining that no one backed up their offer of providing \$150 million to a Special Fund.

The Secretary

The purpose of this meeting is not to discuss next week's tactics. I thought we were going to discuss our long-term follow-on. Why don't we support the Special Fund? Is there nothing we can put in?

Amb. Scali

No

The Secretary

Well, what do we have in mind when we talk of helping the less developed?

Amb. Scali

Nothing.

Mr. Parker

Except for our bilateral aid program.

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December 18, 2008

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- 4 -

Mr. Enders

We do not have to take a negative stance. We can use other means and find a way of having our bilateral programs considered.

Amb. Buffum

We could establish a special accounting program under the Economic and Social Council that would have everything taken into account. That way, cash could be counted (the Saudi and the Iranian contributions), and we would be able to have food and fertilizer contributions in our on-going programs counted also.

Amb. Scali

Good. That shifts the emphasis from money to programs. We could even use a price tag of \$4 billion. That would make us look good.

The Secretary

How is that \$4 billion figure arrived at? The issue is not so much how we get through the UN Special Session, but rather how we deal with the basic problems.

Rebudgeting is not responsive to the necessities I defined in my speech. Rebudgeting may help us to get through the session. We must do more.

Mr. Martin

There is some additionality here--PL-480. We can also count additional funds for agriculture under our aid program.

The Secretary

But that is already budgeted.

Amb. Scali

There is no way to escape going to Congress for the Special Fund.

The Secretary

There are two problems here. First, we can package better what we already have. And that is something. It is certainly

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E.O. 12958, as amended
December 18, 2008

~~CONFIDENTIAL~~

- 5 -

more than others have. Secondly, however, if my speech is to contribute to more than the editorial page of the New York Times, it must make a contribution that would not have happened without the speech. This we can't do by next week. We must consider each of the six areas of my speech and find what can be done to implement them.

I am impressed by the argument that something must be done for the less developed countries.

Mr. Lord

That is why we urged that we should develop a scenario for food. This requires coordination and the development of a strategy for dealing with Congress and Butz. Secondly, we can focus on the fertilizer initiative. Thirdly, there is the problem of funding, and how to deal with schemes like Iranian proposal.

The Secretary

How about the raw materials survey?

Mr. Lord

There is a paper on that. We are consulting with other agencies.

Amb. Scali

The dominant theme at the UN is how to help those most affected by the extra costs induced by the oil situation. That is the beauty of the Iranian proposal.

The Secretary

But that doesn't help in other areas.

Amb. Scali

True. That is what we need programs for. But we should have some concessional element.

Mr. Lord

We can make clear the world should orchestrate on the basis of each country's concentrating on its areas of greatest strength. We can move on food. Others can contribute in other areas.

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December 18, 2008

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- 6 -

The Secretary

There are several elements involved here. First, what each can do unilaterally. Secondly, how we can move to a more rational global set of relations on raw materials. Thirdly, the development of a general trade and investment strategy.

As concerns next week, the bookkeeping approach is the best we can do, but we must develop a longer-range strategy.

Can somebody tell the Secretary General that we are taking a positive attitude toward the Special Fund?

Mr. Sisco

I told Waldheim that last night. Now it's up to Scali . . .

The Secretary

Now on food . . .

Mr. Donaldson

I agree with Ed Martin, though I suspect the timing is more a matter of three to four months.

Mr. Enders

We can move ahead earlier by working through our estimates. Butz feels the new crop is virtually assured now. We should be able to have this worked out in two months. By the end of June.

(Several "yes" statements around the table)

Mr. Lord

That would be good timing also for the July preparatory meeting for the World Food Conference.

The Secretary

I am not worried about any individual Cabinet member if we know what we want. This government does not operate by consensus. The question is to determine what is right and what we want.

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December 18, 2008

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Mr. Martin

When you get back we can have a position prepared that is further developed.

The Secretary

In general, I favor a comprehensive approach rather than an incremental one. We should move unilaterally, making sure that we build in participatory opportunities for others who may wish to join us. The program should, therefore, be one that can later be folded into a multilateral approach. But it should not be subject to veto by others. It is better to take a big bite than a little one.

But having said this, I don't know what the specific details should be. You should look at this in terms of what is right, not in terms of what is bureaucratically possible. Then I can work it out with Butz or with the President.

What about trade and investment?

Mr. Enders

We are working on that. We need a new look at our commodities policy. It has not been looked at in ten years, and is a most difficult and controversial issue.

The Secretary

And the review ten years ago probably led to a reassertion of prior policy. You are working on this?

Mr. Enders

Yes. But we need outside assistance. I would like to have Tony Solomon work with people in the Bureau for one month to develop a program.

The Secretary

I don't see anyone missing from the 28 layers that surround me in the Department. Can we agree to go ahead on this?

Mr. Enders

Yes.

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December 18, 2008

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~~2 8 -~~

Mr. Lord

On fertilizer . . .

The Secretary

On fertilizer, we should go ahead on a national program, in advance of the International Fertilizer Institute, folding it in later.

On energy, we will have another crisis in a year or two. We must use the interval to prepare. Are we working on this?

Mr. Donaldson

Yes.

The Secretary

And let's see if we can pick one project where someone does something for us.

Mr. Lord

The contribution of others is built into the sharing proposals.

Mr. Donaldson

Right. That is part of the package.

The Secretary

We must also do something about conservation.

Mr. Enders

On investment, there are various proposals for funds financed by oil money. These proposals also will be still-born unless mechanisms are developed to take advantage of them. One possibility is the Witteven proposal for an IMF facility and we should pursue that. Another would be a new Development Council, perhaps working with the IBRD, with weighted voting, and with OPEC representation. The response of the world community is weakest on the financial end. No one wants to finance Arab price gouging.

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December 18, 2008

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- 9 -

Amb. Scali

We need a decision on supporting the Special Fund.

The Secretary

We will support it so long as we can count our contributions in other than cash.

Mr. Enders

We are not giving to that fund.

Amb. Scali

What if the discussion . . .

The Secretary

We cannot be charged twice for the acts of others. First in the dislocation of our own economy and then second in contributing to others. Our position is we are willing to work toward a cooperative international structure that will mitigate, if not prevent, further occurrences of this kind. But we are not going to get caught in emergency measures to alleviate the effects of the irresponsibility of others.

Amb. Scali

What if we can't shift from the fund to the program?

The Secretary

We will participate in the program in commodities.

Mr. Lord

In the joint commissions with the Arabs, we can emphasize fertilizer programs.

The Secretary

What I need is a comprehensive program that all can be working on. We must develop a comprehensive strategy that will encompass these bilateral deals.

Who will do it? Who will develop a strategy that goes beyond next week?

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December 18, 2008

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- 10 -

Mr. Lord

We must all do it, together.

The Secretary

Now, Jack, what about the OAS?

Mr. Kubisch

There are 14 major initiatives coming out of the OAS and Foreign Ministers meetings. These proposals have been treated only in a preliminary way in the papers. The proposals need to be refined into a plan of action that will carry us through this year.

The Secretary

Are you going to get these two working groups going?

Mr. Kubisch

Brazil will host the one on science and technology. Mexico supports this. On the one on transnational corporations, there is no consensus yet. We are a strong possibility.

The Secretary

I am in favor of that. We are going to get kicked around anyway. We might as well chair the group.

Mr. Kubisch

Costa Rica is the other possibility, but we have reservations . . .

The Secretary

What kind of staff work would we get out of Costa Rica? If Brazil wanted it, I would be delighted. But if others do not object to our doing it, let's do it.

Mr. Kubisch

We will take some soundings. If we can get two or three of the major Latin countries lined up (on our hosting the group), we'll just call a meeting.

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E.O. 12958, as amended
December 18, 2008

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- 11 -

The Secretary

In each category of our general strategy, I want to see what a special position for Latin America would look like. It makes no sense talking of a "special relationship" if there is no special relationship. I know some of you don't agree, but we ought to do it. And I think in food and in science and technology we can do it. I want to make very sure that we make a very major contribution in science and technology.

Mr. Kubisch

We have a proposal, here in the package.

The Secretary

We (to the assemblage) should meet again. You, Win (Mr. Lord), should have a program ready when I return.

S/P - Mr. Lord *W/L 18*

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